

Maintenance of Effort Calculation for Federal Programs Falling Under ESEA CFR 299.5

Many Federal grant programs prohibit the full award to applicant ISDs, LEAs and PSAs who fail to “maintain fiscal effort.” The SEA is not to award these districts their full allocation amount if it is determined that they did not spend at least 90% during the most current fiscal year of the amount it spent in the previous fiscal year. Following is the procedure for determining Maintenance of Effort:

1. Determine Current Operating Expenditures for the last two years. **Current Operating Expenditures (COE) is defined as Total General and Special Revenue Funds (21,22,25,26,27) Expenditures less Community Services, Debt Service, and Capital Outlay, less expenditures for all federal programs** (Capital Projects and Debt Service revenues are not included because the corresponding debt and capital expenditures are not included in the COE.
2. Expenditures for Federal Grants are synonymous with Total Federal Revenues. Districts report only the amount of legally expended federal dollars, any other federal dollars received are reported as payables or deferred revenue.
3. Divide the most current COE by the COE from one year back. If the result is less than 90%, the district has not maintained effort for the year.
4. The CFR allows MDE to determine COE in two ways; either by total COE or COE per pupil. This is an option that should be explored in districts where student populations have dropped significantly from one year to the next. In this situation, COE per pupil for the most current fiscal year is divided by the COE per pupil from one year back. If the result is less than 90%, the district has not maintained effort for the year. Pupil count is the k-12 pupil count + Special Education taken from the fall count.
5. A report of the districts who have not maintained effort (less than 90% of the total current operating expenditures from the preceding year) is annually distributed to the Various MDE program offices for further review.

Maintenance of Effort Calculation for Federal Programs Requiring Statewide MOE

Title V and Class Size Reduction Grants contain the following General Administrative Provision regarding Maintenance of Effort:

(1) In general – Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this part for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the fiscal year preceding the fiscal year for which the determination is made was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second fiscal year preceding the fiscal year for which the determination is made.

(2) Reduction of funds. – The Secretary shall reduce the amount of the allocation of funds

under this part in any fiscal year in the exact proportion to which the State fails to meet the requirements of paragraph (1) by falling below 90 percent of both the fiscal effort per student and aggregate expenditures (using the measure most favorable to the State), and no such lessor amount shall be used for computing the effort required under paragraph (1) for subsequent years.

The MDE Calculation used for determining Statewide Maintenance of Effort is as follows:

1. Determine Net Current Expenditures from National Public Education Financial Survey for last two fiscal years. Line XIII. Divide most current year amount by previous year amount to determine MOE.
2. Determine State Per Pupil Expenditures from National Public Education Financial Survey for the last two fiscal years. Line XV. Divide most current year amount per pupil by previous year amount per pupil to determine MOEpp.
3. Notify Budget Office and Program Offices for Title VI and Class Size Reduction if MOE is less than 90%.

Program Specific Maintenance of Effort

Some grants have program specific maintenance of effort requirements. An example of a grant that has program specific maintenance of effort requirements is federal IDEA.

Grants Administered by MDE which Require Maintenance of Effort

Program Name	CFDA	Citation	MOE State	MOE Program	MOE LEA
Title I, Part A	84.010	CFR 299.5			X
Title I, Part C	84.011				X
Title I, Part D	84.013				X
Title I, Part B	84.213				X
Safe and Drug Free Schools	84.186	CFR 299.5			X
Title VII Bilingual	84.288, 84.290, 84.291				X
Title IV, Part B 21 st Century Community Learning	84.287				X
Eisenhower	84.281	CFR 299.5			X
Title II, Part D	84.318	CFR 299.5			X
Title II, Part A	84.367				X
Title III, Part A	84.365				X
Indian Education	84.060	PL 103-382 Sect. 9117			X
Adult Education	84.002	CFR 461.42		X	
Vocational Educ. Perkins III	84.048	CFR 403.182		X	
Vocational Rehab	84.126	CFR 361.62	X		
Special Educ. IDEA Part B	84.027	CFR 300.231		X	
Title V	84.298		X		
Class Size Reduction	84.340		X		